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The Conference Board

A Monthly Report from the Consumer Research Center November 1990

Consumer Confidence Survey

October results

Confidence Plunges to Eight-Year Low

The Consumer Confidence Index (1985=100) dropped to 61.3 in October, its lowest reading since the 1982 recession period. In the latest survey, confidence plunged 24 points, the biggest month-to-month loss in the more than twenty-year history of this program. Since the Kuwait invasion, this series has dropped 40 points. In the most recent probe, people are considerably less positive, both in their assessment of the present situation, and in their expectations for the coming six months. Buying plans are also weaker.

In October, there was a sharp drop in the number of consumers that consider current business conditions to be "good," and a big increase in those that say they are "bad." There were more than twice as many negative as positive responses to this question. Also, twice as many people now say that jobs are "hard to get" as those that report jobs are "plentiful."

In looking ahead to the next six months, consumers express a very high degree of concern. Now, 30 percent believe that business conditions will "worsen," up from 20 percent in September, and 12 percent in July. In addition, substantially over a third fear there will be "fewer jobs" in the immediate future, up from less than a quarter in the preceding probe. Finally, on the question concerning their own families' likely income over the next six months, people are appreciably less optimistic than a month earlier.

Car buying plans are off sharply, with only 6.2 percent of consumers planning to make such a purchase in the next six months, down from 7.8 percent in September. There was also a fairly big loss in the number of those that intend to purchase a major appliance. There is no change in plans to buy a home. However, this series continues to run below year-ago levels.

The Board's Consumer Confidence Index is classified as a leading economic indicator by the U.S. Department of Commerce. The history of this series as a business-cycle indicator is carried in that agency's monthly publication, Survey of Current Business.

The present level of the Consumer Confidence Index is historically associated with recession. However, given the special circumstances of the Kuwait crisis, there may be some faint justification for suspending final judgment. Still, a concerned consumer is a cautious customer. Any further curtailment in spending could readily push us into a full recession. There are also other circumstances, which are evidently dampening peoples' spirits—rising unemployment and inflation rates. Curiously, however, the increases in these numbers last month were fairly moderate—hardly enough to explain October's record decline in confidence, from an already deflated level. Certainly, the Washington budget circus did little to engender public confidence.

Fabian Linden

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

All series seasonally adjusted.	1989 Oct.	Nov.	Dec.	1990 Jan	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.(r)	Oct.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	117.0	115.1	113.0	106.5	106.7	110.6	107.3	107.3	102.4	101.7	84.7	85.6	61.3
Present Situation	133.0	132.3	125.9	120.7	126.3	123.7	119.4	117.8	111.1	116.6	100.4	97.5	71.9
Expectations	106.4	103.7	104.4	97.0	93.7	101.9	99.2	100.3	96.6	91.8	74.2	77.7	54.2
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.0	26.2	25.1	22.7	25.1	24.9	23.8	23.1	22.6	23.4	20.8	19.4	14.1
Bad	16.9	15.2	17.3	18.9	18.1	19.7	19.9	19.7	20.1	20.7	23.5	24.6	29.3
Normal	55.1	58.6	57.6	58.4	56.8	55.4	56.9	57.2	57.3	55.9	55.7	56.0	56.6
Employment													
Jobs plentiful	30.4	29.6	27.0	27.2	28.1	29.2	26.6	26.9	23.4	25.6	21.4	20.6	15.0
Jobs not so plentiful	49.4	49.7	52.4	51.2	51.4	49.0	51.1	50.2	52.9	52.3	52.8	54.3	55.0
Jobs hard to get	20.2	20.7	20.6	21.6	20.5	21.8	22.3	22.9	23.7	22.1	25.8	25.1	30.0
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.5	17.6	18.3	17.0	16.7	19.4	17.2	18.5	17.5	17.3	13.7	15.1	11.5
Worse	7.9	8.3	8.1	9.7	11.4	9.5	9.2	9.7	10.4	11.9	18.7	20.4	30.1
Same	72.6	74.1	73.6	73.3	71.9	71.1	73.6	71.8	72.1	70.8	67.6	64.5	58.4
Employment													
More jobs	17.3	16.1	16.6	14.6	14.3	16.6	15.4	15.9	15.5	14.6	11.3	13.9	9.3
Fewer jobs	13.7	14.0	14.9	16.8	17.4	15.4	16.2	16.3	16.5	18.0	22.7	23.2	35.5
Same	69.0	69.9	68.5	68.6	68.3	68.0	68.4	67.8	68.0	67.4	66.0	62.9	55.2
Income													
Increase	27.7	29.3	30.2	28.7	26.6	27.6	29.3	26.6	27.2	27.8	24.2	26.5	19.2
Decrease	6.3	6.3	5.9	6.1	6.0	6.3	6.3	5.2	7.0	7.8	8.5	8.7	11.3
Same	66.0	64.4	63.9	65.2	67.4	66.1	64.4	68.2	65.8	64.4	67.3	64.8	69.5
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.7	6.9	7.1	7.5	7.6	8.1	6.2	8.3	8.4	8.8	7.5	7.8	6.2
New	3.7	3.2	3.3	4.1	3.2	4.0	3.7	4.0	4.0	3.3	4.3	3.8	3.3
Used	2.2	2.9	2.8	3.0	3.3	3.3	2.1	3.1	3.3	4.6	2.9	2.7	2.0
Uncertain	0.8	0.8	1.0	0.4	1.1	0.8	0.4	1.2	1.1	0.9	0.3	1.3	0.9
Home													
Yes	3.3	3.0	3.3	3.6	4.1	3.9	2.9	3.9	3.6	4.3	3.0	2.9	2.8
New	1.0	1.1	0.8	0.9	1.0	1.2	0.8	1.1	0.9	0.8	1.0	0.8	0.6
Lived in	1.4	1.5	1.7	1.9	1.9	1.6	1.4	2.0	1.8	2.5	1.3	1.2	1.8
Uncertain	0.9	0.4	0.8	0.8	1.2	1.1	0.7	0.8	0.9	1.0	0.7	0.9	0.4
Major appliances													
Total plans	31.1	25.7	28.8	30.8	31.5	31.9	31.3	29.5	28.8	27.4	32.8	30.3	25.3
Refrigerator	4.7	3.8	4.1	5.2	4.3	5.1	4.5	5.2	4.4	4.4	5.4	4.8	3.6
Washing machine	4.8	3.7	4.4	3.8	4.8	4.4	3.6	3.7	4.1	4.2	4.3	3.9	3.6
TV Set	7.5	6.2	7.9	7.0	7.8	7.3	7.8	6.8	6.9	6.3	7.8	7.7	6.9
Vacuum Cleaner	4.9	4.6	5.0	5.6	5.1	6.3	6.0	5.3	4.5	4.4	6.1	5.7	3.8
Range	3.3	2.8	2.3	3.3	3.1	2.9	3.5	3.0	3.0	3.2	2.7	3.0	2.7
Clothes dryer	3.9	3.1	3.4	3.3	3.7	3.8	3.8	3.3	3.9	2.7	4.0	3.2	3.1
Air conditioner	2.0	1.5	1.7	2.6	2.7	2.1	2.1	2.2	2.0	2.2	2.5	2.0	1.6
Carpet	6.9	5.8	6.4	6.2	6.9	6.5	6.2	6.2	6.6	7.0	7.3	6.7	5.8
Vacation Intended Within Six Months: Percent													
Vacation Intended	49.0		52.4		49.9		48.1		48.6		48.9		46.4
Destination													
U.S.	41.8		44.4		42.8		41.1		42.2		41.8		39.2
Foreign country	8.6		9.5		9.3		8.8		8.1		9.2		7.3
Means of travel													
Automobile	28.9		29.6		28.7		28.6		29.4		29.4		27.1
Airplane	18.0		19.7		19.6		18.8		19.4		17.9		16.2
Other	4.2		4.9		4.4		3.8		3.3		4.6		4.0

(p)—preliminary (r)—revised

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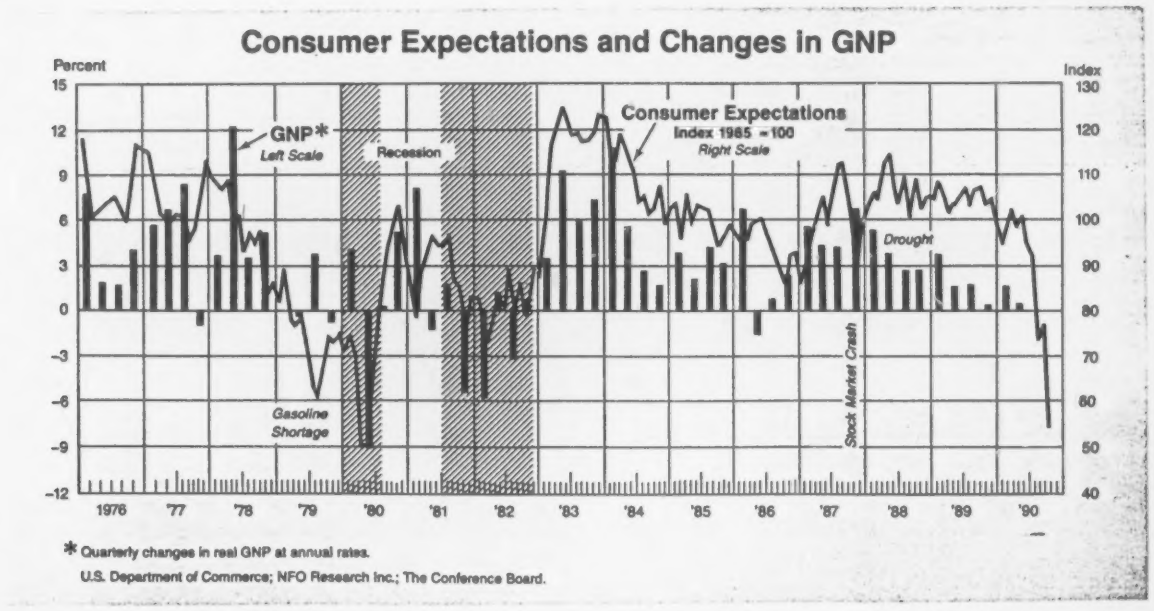
Inflation Interest Rates Stock Prices

Not seasonally adjusted	1989 Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.(r)	Oct.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.8	4.7	4.7	5.2	4.8	4.9	4.9	4.9	4.9	4.9	5.4	5.7	6.4
Interest Rates													
Higher	56.0	52.1	49.0	47.2	52.5	58.7	54.5	62.6	56.2	49.5	58.4	64.2	56.4
Same	25.6	27.7	25.9	24.1	26.0	23.9	28.2	23.2	25.3	29.3	20.9	18.8	18.4
Lower	18.4	20.2	25.1	28.7	21.5	17.4	17.3	14.2	18.5	21.2	20.7	17.0	25.2
Stock Prices													
Increase	45.0	38.0	42.2	41.6	35.0	39.0	36.8	38.7	43.6	38.5	30.3	31.4	27.0
Same	33.3	36.9	34.9	35.1	35.7	34.8	37.4	37.0	34.8	36.7	30.9	28.8	25.2
Decrease	21.7	25.1	22.9	23.3	29.3	26.2	25.8	24.3	21.6	24.8	38.8	39.8	47.8

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1989 Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.(r)	Oct. (p)	3 mos. Percent Change*
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	125.9	127.2	121.2	115.4	119.3	122.4	116.1	118.9	111.9	114.5	100.9	94.2	80.0	- 20.3
35-54	115.1	115.5	112.5	105.8	107.9	110.8	109.8	106.7	100.9	102.2	85.0	86.6	59.3	- 25.5
55 and over	109.0	103.7	105.3	96.5	91.3	98.4	94.3	95.2	94.1	88.4	70.2	76.6	50.5	- 28.9
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	87.9	84.7	89.4	80.9	78.1	84.5	78.7	83.2	75.4	79.8	59.0	71.6	49.8	- 24.3
$15,000-24,999	107.3	113.4	106.6	97.6	97.1	100.5	106.1	103.1	91.9	98.8	83.4	80.7	54.9	- 25.5
$25,000 and over	129.9	127.3	124.3	118.4	119.9	123.7	119.1	117.9	116.7	109.8	96.0	91.8	68.1	- 25.7

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**



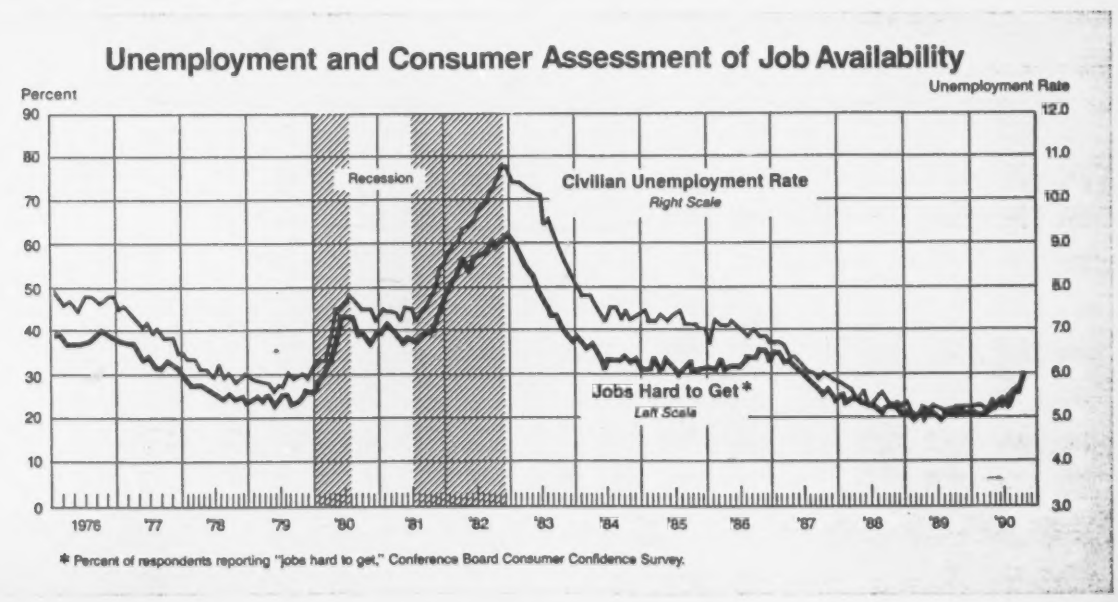
* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985 = 100	1989 Oct.	Nov.	Dec.	1990 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.(r)	Oct.(p)	AVERAGE: Aug., Sept., Oct. 1989	1990	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	116.3	92.7	92.9	72.4	80.5	85.7	64.6	69.9	51.6	42.5	29.2	39.4	22.9	115.9	30.5	-73.7
Present Situation	168.2	129.8	130.3	101.3	105.4	96.8	71.9	68.2	53.3	38.3	22.5	29.9	8.9	171.6	20.4	-88.1
Expectations	81.8	67.9	68.0	53.2	63.9	78.3	59.7	71.1	50.5	45.4	33.8	45.8	32.3	78.7	37.3	-52.6
MIDDLE ATLANTIC																
Consumer Confidence Index	119.2	120.9	113.3	109.0	101.4	98.6	95.1	99.7	91.5	86.0	69.8	75.7	55.8	118.2	67.1	-43.2
Present Situation	151.1	151.9	144.2	128.7	126.6	111.1	108.9	106.6	111.9	104.7	92.2	96.6	72.4	148.4	87.1	-41.3
Expectations	98.0	100.2	92.8	95.9	84.6	90.3	85.9	95.1	78.0	73.5	54.8	61.7	44.8	98.0	53.8	-45.1
EAST NORTH CENTRAL																
Consumer Confidence Index	121.2	114.3	113.8	105.5	102.4	110.7	108.3	109.0	102.3	104.1	88.8	87.8	72.4	117.7	83.0	-29.5
Present Situation	147.6	139.3	130.6	119.4	117.2	117.2	123.4	127.0	118.1	125.3	111.1	113.5	100.1	143.4	108.2	-24.6
Expectations	103.6	97.6	102.7	96.2	92.5	106.3	98.2	97.0	91.7	90.0	73.9	70.7	53.9	100.6	66.2	-34.3
WEST NORTH CENTRAL																
Consumer Confidence Index	113.0	112.5	103.0	95.7	98.2	92.3	101.9	92.8	94.2	94.1	78.7	68.7	64.4	99.5	70.6	-29.0
Present Situation	131.1	122.9	122.1	102.8	105.1	101.1	106.1	110.3	103.9	116.6	94.1	83.6	82.3	114.4	86.7	-24.2
Expectations	101.0	105.5	90.3	91.0	93.6	86.4	99.0	81.2	87.8	79.1	68.4	58.8	52.5	89.5	59.9	-33.1
SOUTH ATLANTIC																
Consumer Confidence Index	140.2	140.3	124.9	124.6	125.2	130.2	121.4	122.6	128.9	119.9	95.9	98.0	72.4	137.9	88.8	-35.6
Present Situation	174.1	174.8	157.3	147.7	148.3	156.8	146.4	147.0	149.2	146.9	121.3	126.3	94.9	170.4	114.1	-33.0
Expectations	117.6	117.3	103.3	109.3	109.8	112.5	104.7	106.4	115.4	101.9	79.0	79.1	57.5	116.2	71.9	-38.2
EAST SOUTH CENTRAL																
Consumer Confidence Index	101.9	104.6	99.5	90.6	87.6	101.7	91.7	79.4	87.7	96.4	76.6	90.1	55.1	97.2	73.9	-24.0
Present Situation	102.6	99.0	90.0	79.1	81.4	85.1	84.8	68.1	79.3	102.8	82.9	102.4	58.1	95.0	81.1	-14.6
Expectations	101.4	108.3	105.8	98.3	91.7	112.8	96.2	86.9	93.3	92.1	72.4	81.9	53.0	98.7	69.1	-30.0
WEST SOUTH CENTRAL																
Consumer Confidence Index	87.5	79.7	87.5	84.7	95.6	93.2	92.0	90.5	78.9	84.7	77.5	90.6	61.3	84.0	76.5	- 8.9
Present Situation	47.5	54.6	48.4	43.9	58.7	57.7	60.1	58.4	51.7	59.1	58.3	62.5	41.1	45.0	53.9	19.9
Expectations	114.2	96.4	113.5	112.0	120.2	116.9	113.4	111.9	97.1	101.8	90.3	109.4	74.8	109.9	91.5	-16.8
MOUNTAIN																
Consumer Confidence Index	94.0	98.2	89.7	84.3	92.8	96.2	104.3	101.0	97.2	99.3	72.0	108.5	62.3	92.6	80.9	-12.7
Present Situation	70.4	74.7	58.1	53.7	69.0	68.2	74.9	82.2	75.8	88.0	64.1	96.5	50.5	76.4	70.4	- 7.9
Expectations	109.8	113.9	110.8	104.7	108.6	114.9	123.9	113.5	111.5	106.8	77.2	116.5	70.1	103.4	87.9	-15.0
PACIFIC																
Consumer Confidence Index	142.7	134.5	132.3	134.1	138.5	139.8	126.1	127.5	119.6	121.9	108.3	105.6	86.2	137.3	100.0	-27.1
Present Situation	178.1	167.3	169.9	166.5	174.6	167.8	160.6	165.2	151.0	168.1	153.8	143.4	120.5	174.0	139.2	-20.0
Expectations	119.1	112.7	107.3	112.6	114.4	121.1	103.2	102.4	98.7	91.1	77.9	80.4	63.3	112.8	73.9	-34.5

***Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**



* Percent of respondents reporting "jobs hard to get," Conference Board Consumer Confidence Survey.